

**MINUTES  
of the  
THIRD MEETING  
of the  
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**August 5, 2008  
Hospitality Suite, Red Rock Park, Gallup**

**August 6-7, 2008  
Gurley Hall B 205  
UNM-Gallup Branch**

The third meeting of the Economic and Rural Development Committee (ERD) was called to order at 11:19 a.m. by Representative Patricia A. Lundstrom, acting chair, on August 5, 2008 in the Hospitality Suite at Red Rock Park in Gallup, New Mexico.

**Present**

Rep. Mary Helen Garcia, Chair  
Sen. Bernadette M. Sanchez, Vice Chair  
(8-6, 7)  
Rep. Andrew J. Barreras (8-5, 6)  
Rep. Richard J. Berry  
Rep. Ernest H. Chavez  
Sen. Dianna J. Duran (8-5, 6)  
Rep. Nora Espinoza  
Sen. Mary Jane M. Garcia (8-6, 7)  
Rep. Patricia A. Lundstrom  
Sen. Richard C. Martinez

**Advisory Members**

Rep. Nathan P. Cote (8-5)  
Rep. John Pena  
Rep. Debbie A. Rodella (8-6, 7)  
Rep. Richard D. Vigil (8-6)

**Absent**

Rep. Jose A. Campos  
Sen. Phil A. Griego  
Rep. Dianne Miller Hamilton  
Sen. Clinton D. Harden, Jr.  
Sen. John Pinto  
Sen. William E. Sharer

Rep. Daniel R. Foley  
Rep. William J. Gray  
Rep. John A. Heaton  
Sen. Stuart Ingle  
Sen. Timothy Z. Jennings  
Sen. Carroll H. Leavell  
Rep. James Roger Madalena  
Sen. Howie C. Morales  
Sen. Steven P. Neville  
Rep. Andy Nuñez  
Sen. Lidio G. Rainaldi  
Sen. Shannon Robinson  
Sen. John C. Ryan  
Rep. Shirley A. Tyler

**Staff**

Kate Ferlic, Legislative Council Service (LCS)

Tom Bunting, LCS

Larry Matlock, LCS

Chase Van Gorder, LCS

(Attendance dates are noted for members that did not attend the entire meeting.)

**Guests**

The guest list is in the meeting file.

**Tuesday, August 5****Welcome**

Gallup Mayor Harry Mendoza could not be present for the meeting. Gallup City Councilman Bill Lucero and McKinley County Commissioner Ernest Vicente, Jr., welcomed the committee to Gallup. They mentioned the fact that state legislators from outside the Gallup area are not familiar with their community's needs and welcomed the opportunity to showcase Gallup's culture and economic development possibilities.

**Tourism in New Mexico**

Anna Dallago from the Gallup Tourism Coalition, Evan Williams, senior planner with the Northwest New Mexico Council of Governments, and Zonnie Gorman began their presentation at 11:25 a.m. Craig Swagerty of the Tourism Department could not be present.

Ms. Dallago welcomed committee members and explained that the coalition had been formed one month ago, with the intention of stimulating tourism. Recent projects include the convention center and the visitor's bureau. The main goal is to entice tourists off of the interstate, a job proving to be more difficult as gas prices rise. She mentioned cultural attractions in the region, including Chaco Canyon and the Pueblo of Zuni, which make Gallup distinctive and memorable, as well as an upcoming election to allow the sale of wine on Sunday.

Mr. Williams, whose image graces a billboard extolling the town's hiking and biking trails, explained that the coalition had facilitated a retreat with public and private stakeholders on how to take tourism to the next level. The retreat identified the need for a visitors' bureau and a calendar of events. He continued with the tourism challenges the town is facing.

Although Gallup continues in its traditional role as the "Indian Capital of the World", the town has hit a plateau on that niche, according to tourism indicators. The next level of tourism will continue to include hiking, biking, horseback-riding and expansion of the Wrangler Junior High Rodeo event.

The tourism coalition needs to refocus the attention on Gallup in a centralized marketing campaign that will unite all of the pieces of Gallup's economic attractions into a single package,

i.e., a recognizable brand to keep visitors in town for more than one day and one night. Mr. Evans' handout, entitled "Energizing Gallup Tourism", is in the meeting file. He thanked the legislators for supporting the creation of a shared position with the City of Gallup to continue the coalition's work.

Ms. Gorman, chair of the board for the Intertribal Indian Ceremonial, gave a history of her involvement with tourism in the area in which she has served in several capacities, including being a guide to people interested in the culture of Native Americans. Amtrak once sponsored a tour program that ran for over a decade. Riders from Chicago would have the benefit of an on-board tour guide from Albuquerque to Gallup and back. She has also danced in the ceremonial. She participated in the retreat held by the coalition. She cited that fact that City of Gallup did not pay attention to maintaining its tourist role by failing to consciously pursue tourism. Changing leadership in the community is always a factor. Ms. Gorman said that the difficult logistics of hosting such a large event could be mitigated by more collaboration, particularly in the management of the pool of volunteers.

She also praised the Manuelito Visitors' Center on the outskirts of town and said that the downtown area needs to be revitalized to continue the town's other role as a gateway to the state by helping people to have a great experience as soon as they cross the New Mexico border.

Because of scheduling difficulties, Jeri Polleto gave the presentation that appears on the agenda for 3:15 p.m. immediately following the Gallup Tourism Coalition.

### **Introduction to the Gallup Intertribal Indian Ceremonial**

Due to travel difficulties of other presenters, Ms. Polleto's presentation, originally scheduled for 3:15 p.m., was moved up.

Ms. Polleto, executive director of the Gallup Intertribal Indian Ceremonial (GIIC), gave the members copies of the commemorative magazine published each year along with other materials that are in the meeting file. She explained that the ceremonial workers had been trying to "go it alone" for too long, and now the benefits of working with the Gallup Tourism Coalition are being reaped. One example is billboards, which usually must be purchased for six or 12 months. Because an individual member of the coalition might only be able to afford two months, billboards have not been used in previous years. Now that several organizations can share a billboard for the months they need, more people on the highways can be reached.

She explained that what drew her to Gallup was the friendly, accepting manner of the local residents. The scenery, parks, the blend of cultures and the town's welcoming spirit all combine to make Gallup an attractive place. What is lacking is the initial investment in infrastructure. Although Red Rock Park is the host of many events, the park's deferred maintenance is a continual drag on the community's budget. Gallup's contribution to the state's budget, in the form of lodgers' tax and gross receipts taxes, provide substantial returns on investment. She said the town has a serious need for permanent jobs.

If the park had a covered venue, it could hold rodeos in January, as well as other events.

Ms. Polleto gave a history of the GIIC, showing that, for the past 87 years, the event has been woven into the lives of the people of Gallup. Native people from the United States, Canada and Mexico come together to dance and interact in a setting unlike any other on the continent. The State of New Mexico withdrew its support of the ceremonial in 1996, allowing the event to languish until it was revived by the creation of the New Mexico Intertribal Ceremonial Office in 2005. She read from a post card for the ceremonial, "An opportunity to immerse yourself in Native American arts, cultures and traditions," adding, "No one else does that like we do in Gallup!".

Ms. Polleto gave some of the difficult details of the ceremonial, which include the contest pow-wow, the contest for queen, coordination of food and arts and crafts vendors, wine tasting, two parades, a youth concert, a children's village, amphitheater performances, two parades and art competitions. "It's like a six-ring circus running continuously."

Upon questions from Representative Lundstrom, Ms. Polleto explained that the combined value of the jewelry, arts and crafts in the exhibit hall was over \$2,260,857. An insurance policy is taken out and security is in place from the moment the first pieces arrive until they are returned or sold. Over 10,000 visitors are expected.

Mr. Williams, on questioning from Representative Lundstrom (who happens to be his director), presented some details of the Tour of the Nations bicycle ride. It is a five-day ride that starts at the Pueblo of Ysleta, continues through the Pueblo of Acoma and other pueblos and finishes at Gallup just in time for the ceremonial, with nightly dances and traditional meals all along the 259-mile route.

The committee recessed for lunch at 12:45 p.m.

### **Economic Impact of Culture in New Mexico**

Stuart Ashman, secretary of the Cultural Affairs Department (CAD), Anne Green-Romig, director of legislative affairs for the CAD, Loie Fecteau, director of New Mexico Arts, and Paulius Narbutas, economist for the CAD, began their presentation at 1:40 p.m.

To put the economic impact of culture into perspective, Mr. Narbutas gave some statistics that showed that in 2007, the size of the state's economy was \$76.2 billion. Cultural attractions accounted for \$3.1 billion of impact, or approximately four percent of the total. The only other industry with a similar impact is the construction industry. Each of these industries employs approximately 59,000 workers. Cultural attractions generated \$230 million in state and local tax revenues.

Ms. Fecteau asked the legislators to advocate for New Mexico arts in their own communities by creating cultural districts. She used the Arts Trail Program as an example of what a special appropriation and some recurring funding can accomplish, giving the committee

members a copy of a guide and a brochure about the New Mexico Fiber Arts Trails, both of which are in their second printing.

She was pleased to notice the brochure in the rack at her hotel in Gallup, which demonstrates that her focus on distribution of the advertising materials, which includes articles in *Texas Monthly* and niche publications for the fiber arts, has a chance for some positive effect.

In addition to the Fiber Arts Trails Program, she is also trying to launch an "Ancient Way" arts trail.

She explained that her efforts help to put New Mexico artists "on the map", which will help to increase their income and allow them to make a living without having to move to find jobs. Technical assistance in the form of workshops is provided to encourage artists to act like entrepreneurs.

Ms. Fecteau asked for an expansion request for one full-time employee to serve as an arts trail manager, which she estimates will cost about \$71,000 from the general fund.

She repeated her request for the legislators to support the creation of arts and cultural districts by passing legislation that would allow communities with a population under 50,000 to self-designate districts. The idea is that a community would identify a cultural resource, like an old theater, that is abandoned or not performing. Capital outlay funds could be used to make repairs, thus bringing new life to the area. Hotels in the area could get repaired with tax credits from the CAD's Historic Preservation Division, and other resources could be mobilized around one central cultural facility.

The City of Las Cruces has already expressed interest.

### **Arts and Crafts as Economic Industry**

Cricket Appel, executive director of the Albuquerque Arts Alliance, gave a presentation with Judy Anderson, a past board president for the alliance and current board member. Their handout, a brightly colored folder bearing the name, "Need for Increased State Support for New Mexico Arts Grant Program", is in the meeting file.

Funding distributed from the program has decreased, with less available now than in the year 2000. There has been no adjustment for inflation or cost-of-living. The state puts in slightly over \$500,000. She stressed the fact that the program has resulted in economic benefits all over the state.

Senator Duran explained that there could be increasing difficulty in using capital outlay funds for programs run by nonprofit groups, because originally, capital outlay could only be used for "bricks and mortar". Although it is obvious that the alliance needs more money, Senator Duran was unsure how the alliance would come up with the target of \$900,000.

### **Indian Arts Certification Program**

Because Tony Eriacho, lead commissioner of the Zuni Arts and Crafts Protection Commission, could not be present, Secretary Ashman delivered the presentation. He presented the committee with several brochures, one of that bears the question, "Which is authentic Indian handmade?" and has an image of two surface buckles in what looks like the Zuni style. This and other brochures are in the meeting file.

Secretary Ashman explained that the program would certify the trademark and inform the visitor and the buyer that if a piece does not have the trade mark, it is not Indian-made. Attorney General Gary King has been invited to get involved. The CAD already runs the Portal Program at the Palace of the Governors, ensuring that each piece is of museum quality, that it satisfies minimum requirements for purity of metals and is sold only by the artist. In order to qualify, the artists must bring their art and show how the pieces are produced. So far, no one has ever been caught "faking it".

Secretary Ashman believes the Portal Program should become a statewide initiative, although he added that he came to listen to this particular presentation, not to give it. He also pointed out that Native Americans would prefer to be self-regulating and do not want the state to be involved.

A long discussion ensued of the difficulties of initiating a program and getting all parties to participate without allowing cheap imitations to flood and destroy the market. Representative Lundstrom asked Secretary Ashman to give the committee an update before legislation is endorsed at the final meeting.

### **Tour: Judging and Exhibitions, Intertribal Indian Ceremonial**

Joe Tanner, head judge of the GIIC, led the committee members and staff into the exhibit hall. He explained that it is an honor to serve as head judge. In the history of the GIIC, there have only been five head judges. The committee members were amazed at the stunning designs and incredible talent on display. Mr. Tanner said that all the pieces on display were also for sale and had a value in the millions of dollars, which explained the security guards stationed at each entrance to the room.

As individual members asked questions, Mr. Tanner's expertise, passion and respect for the artists became obvious.

### **Wednesday, August 6**

The meeting was called to order at 9:16 a.m.

### **Transportation: A Bedrock of Economic Development**

Secretary of Transportation Rhonda Faught, Deputy Secretary Harry Giron and Muffet Foy Cuddy, Programs Division director, gave the committee two handouts, one entitled "GRIP", the other called "State Road Fund Revenue Trends Update". Both are in the meeting file.

Secretary Faught explained that authorization for federal highway funds is doled out every six years. The current bill will expire in September 2009. Money has been coming in slower than it is paid out. New Mexico's transportation funds will be cut by \$94 million in the next bill.

She invited legislators to the "New Mexico First Town Hall Meeting" to discuss the funding cuts.

She explained that construction costs have increased by 41 percent for highways, while revenues and buying power have decreased. Asphalt, which used to be considered a waste product, is now in demand. As refineries become more efficient, less asphalt "waste product" is produced. Oil used on roads used to cost \$300 per ton. Now the department pays over \$900 per ton.

The department has found ways to use fewer resources and was recently recognized by Reason Foundation as third in the nation for efficient use, up from fourth place last year. The department came in third in the country for smooth pavement.

The transportation cuts will hit the rural areas the hardest. She warned that unless there is a huge investment at the national level, the nation's economy will worsen. "Natural resources can't make the country great if you can't transport them." Seventy-five percent of the trucks on the state's highways are just "passing through" to California, Texas and other states. If the state's roads are too rough, the trucks may choose other routes.

She warned that simply raising the gasoline tax will not solve the deficit, and said she will be asking for \$200 million during the upcoming special session.

In an effort to avoid sounding gloomy, Secretary Faught announced that New Mexico's traffic fatality rate was reduced by 15 percent from the previous year. This year's goal is a 25 percent reduction, and the current reduction is already at 22 percent.

The department will be replacing vehicles in its fleet with hybrids and other economical cars and pickups and will also encourage employees to "double up" their occupancy in state vehicles.

### **Payday Lending: Where Are We Now?**

Bill Verant, director of the Financial Institutions Division of the Regulation and Licensing Department (RLD), arrived late, filling an entire table with a smorgasbord of handouts, six of that are in the meeting file. Kelly O'Donnell, superintendent of regulation and licensing, did not arrive until after lunch.

He said that since the passage of payday lending legislation, the number of small loan companies overseen by the department had decreased from 623 to 295. At the end of 2007, there were 238 companies making payday loans. As of the June report, there are 170, for an overall decrease of 30 to 35 percent in the number of payday lenders.

Mr. Verant explained that after the new law took effect on November 1, 2007, the hardest part was the establishment of the Veritec Database. It allows for the administration of the law, because no payday loans can be obtained with approval and entry into the database. There have been very few complaints over the last eight months.

The infamous "loophole" is that payday lenders are good salespersons. When a borrower comes in asking for a payday loan, a payday lender offers the borrower an "installment loan" instead. These loans are in accordance with the laws of this state, and are not in violation. The borrowers get steered toward other products, like unsecured signature loans.

Mr. Verant cautioned that if the department began to regulate installment loans, it would have to regulate lots of other legitimate loan practices. He also said that these predatory loans can always morph into balloon payments, quarterlies and sale lease-back operations. He suggested having a true cap on interest rates to avoid these future loopholes.

Lori Chavez, assistant attorney general, and Rebecca Branch, deputy director of the Attorney General's Consumer Protection Division, agreed that if predatory loans are not addressed as usury loans, the predatory loans will continue to evolve, with the legislature and the RLD trying to fix the symptoms.

Tommy Reinheimer, CEO of Veritecs Solutions, LLC, gave a PowerPoint presentation, and was joined by David Berry, director of predatory mortgage regulation. Mr. Reinheimer showed how the administration enforcement of the new payday lending law works, showing that it is effective without being cumbersome.

All outstanding loans are limited to 25 percent of the borrower's monthly gross income. Advanced fees are limited to \$15.50 per \$100, with one return fee per loan with an extended payment plan available. It provides for a pause in the cycle of debt, a 10-day cooling-off period if the borrower enters into an extended payment plan. During that time, the borrower cannot get access to any other payday loans.

Information can also be submitted via an internet browser, which takes a few more seconds. An inquiry is submitted and the database responds in real time if the borrower is eligible. Information about the loan, the agreement date, the duration, the advance amount, the administrative fees, database fees and payment method are all captured.

Customized reports are provided to Mr. Verant's team to administer the act.

Representative Lundstrom made a motion for the Financial Institutions Division to work with Veritecs Solutions, LLC, to close the loophole. Representative Garcia seconded the motion and none opposed, although a quorum was not present.

Senator Sanchez made a motion to require a comprehensive review of options to close the loophole, including a comprehensive monitoring system for all loans made under \$2,500. Representative Lundstrom seconded the motion and none opposed, although a quorum was not present.



The committee recessed for lunch.

### **An Overview: The Housing Crisis in New Mexico**

Mr. Verant and Ms. Chavez gave this presentation on the subprime mortgage crisis, which examined delinquency rates. Mr. Verant showed that the overall delinquency rate for prime mortgage loans is 2.43, which is substantially below the national average of 3.21. Subprime loans have a much more sinister outlook. There were 23,000 subprime loans serviced and recorded in the database at the end of the quarter, and 13.78 percent of them are past due.

Mr. Verant estimated that 2,300 households in the state were in serious default. Representative Lundstrom asked him for a breakdown of these loans by county, which he agreed to provide.

Mr. Verant said that Freddie Mac and Fannie Mae were in deep trouble, which is especially frightening because they guarantee \$5 trillion worth of mortgages, and said that the next round of increases in adjustable rate mortgages would increase the number of households in default.

Ms. O'Donnell said that her department is looking at legislation to address some of the predatory practices that have caused the nation and the state to become mired in the current housing crisis.

### **Necessary Consumer Protections, Home Loan Protection Act (HLPA) and Other Legislation**

Ms. O'Donnell said that in some ways, "Our hands are tied by the language of HLPAs". Ms. Branch explained that the attorney general supports the Mortgage Loan Originator Act, which would require originators to have a duty to the borrowers, that would help to curb some of the predatory practices. She said that the attorney general supported Representative Lundstrom's House Bill 21 and will work to bring out legislation to enforce some of the provisions of House Bill 21.

Although the HLPAs have protected the state in some ways, in others, it has not, resulting in horror stories about people who qualify for a prime loan and are instead led to adjustable rate mortgages (ARMs) or subprime mortgages just to get the higher rate for selling that product. The Attorney General's Office will be looking internally for appropriate changes and, after reviewing the new federal bill, will be presenting more remedies and recommendations to the committee in October, although some of the fixes will have to be at the federal level. The focus needs to be on the ability to repay, not just on the initial rate of the ARM. Although the HLPAs need to be tighter, it has prevented several of the problems suffered by other states.

### **Mortgage Brokers' Perspective**

Adam Consiglio, legislative chair of the New Mexico Association of Mortgage Brokers, began his presentation at 2:22 p.m.

Mr. Consiglio explained that the problem is twofold, partially from a decline of mortgage product availability and partially from a downturn in market activity. He believes that consumers must bear some responsibility for what they put on their applications. There are two problems: loans may be too small for a lender to make money; and lenders may have to raise the

rate to account for some of the fees, resulting in the borrower getting an installment loan. He said the situation definitely needs a fix, but it does not appear that it can be done for legal reasons. He would like to fix a few definitions in the HLPAs during the next regular session.

### **Lenders' Perspective**

J. Paul Boushelle of the New Mexico Bankers' Association explained that there are three reasons for the current housing crisis: ignorance on the part of the borrower; greed by the lenders; and fraud by those pushing the subprime mortgages and those following their recommendations to claim more income than actually existed.

When homeowners started to default, everyone had a responsibility, but no one wanted the blame. Because subprime mortgages have been bundled into securities, it is almost impossible to find out who is holding the paper to renegotiate to keep a borrower in the home. Although there is help for borrowers, they have to find a lender willing to help them, which can be difficult to impossible in the current lending climate.

Mr. Boushelle advocated which new, tough laws for brokers and lenders be passed during the 2009 regular session to rein in the unlicensed brokers and lenders.

### **Database Solutions**

Mr. Berry, director of the Predatory Mortgage Regulation Program of Veritecs Solutions, LLC, and Mr. Reinheimer, CEO, gave a PowerPoint presentation at 3:07 p.m.

Mr. Berry explained that predatory lenders often focus on specific neighborhoods, but that the data collection had become so sophisticated that trends and alarms can be identified in real time based on warning indicators.

The customizable software can track loan originations by zip code or street. In 2006, Illinois targeted places with foreclosures in specific zip codes. Senate Bill 1167 required mortgage origination data entry software to look at the end cycle for all of Cook County, Illinois. The system takes into account full transparency for all transactions, compliance reporting by type, demographics, interest rates, points and fees, the brokerage firm or investor and the certificate of compliance for every mortgage which is originated. All of this must be filed before the deed can be reported.

Illinois wanted to put a pause in the process under certain conditions, such as for a first-time home buyer or someone refinancing at a high rate. In these cases, counseling would be required.

The tracking system went live on July 1, 2008. When it started, 75 percent of those that qualified for counseling were not fully aware of the terms and conditions of the loan. Although they could make the payment, any emergency, like needing a car repaired, would be enough to make them miss a payment. The brokers responded by changing their products so they would not require counseling.

Capturing all third parties affiliated with the mortgage in the database provides the transparency. Solutions like this will help to prevent predatory lending in New Mexico.

Mr. Reinheimer recommended using the Illinois legislation, Senate Bill 1167, as a model for New Mexico.

### **Individual Development Accounts**

Ona Porter, executive director of Community Action New Mexico, described her program, which provides matching funds at a rate of four-to-one for low-income children who save their money in individual development accounts. In 2007, the legislature made an initial investment of \$1.5 million into the program.

In 2008, \$250,000 in recurring funds were added. The program has flourished and attracted significant foundation, corporate and federal money.

Legislators complained that most of the loans were going into the Rio Grande corridor instead of in the rural areas where they are most needed. Representative Lundstrom asked when the oversight board had last met. Mr. Boushelle answered that the board has not met for a year and a half at least and is in violation of the law because Governor Richardson neglected to appoint any members.

Representative Lundstrom moved which the committee send a letter to the Governor's Office of Boards and Commissions asking why the appointments have not been made and to appoint members right away. Although there was no opposition, there was no quorum present.

She also moved which the committee write a letter to the Workforce Solutions Department asking for a status report of the \$250,000 the legislature appropriated for the program. Although there was no opposition, there was no quorum present.

Representative Lundstrom then moved to write a letter to the Department of Finance and Administration (DFA) asking for an opportunity to discuss the frontier community designation. There was no opposition, but no quorum was present.

The committee recessed at 5:06 p.m.

### **Thursday, August 7**

The meeting was called to order at 9:12 a.m.

### **Main Street and Revolving Loan Programs**

Rich Williams, director of New Mexico Main Street, and Dr. Phillip Gallegos, director of community outreach for the University of New Mexico School of Architecture and Planning, gave the committee a copy of the 2008 annual report for the Main Street Program, a folder containing information and brochures and a sheet showing the location of the programs statewide.

They were joined by Secretary of Economic Development Fred Mondragon.

The handouts are in the meeting file.

Secretary Mondragon said, "It's our most popular program and the most effective for rural economic development". He introduced Dr. Gallegos.

Dr. Gallegos explained that the school of architecture and planning has been a partner to the Main Street Program to find ways which communities can redevelop and restore the commercial hubs of downtown areas.

Mr. Williams said that a review committee needs to be established and which there are some technical problems moving money from the committee. A bill to clean up some of the language will be necessary to address concerns by the banking and micro-lending communities.

He asked for \$100,000 for new start-up communities, as well as for specialized services for rural communities which cannot set up their own programs. The average funding per community is over \$35,000 per year. He would like to get money for two new start-up communities and two new emerging communities, as well as money for two new staff members, one of them to be an assistant director position.

Mr. Williams explained which enabling legislation for arts and cultural districts was passed in 2007 and was sponsored by Representative Heaton. Mr. Williams is in favor of the districts, which will allow for "place-based economic development". "Some communities want the arts and cultural district, not the Main Street program, but it's hard to do that with no funding." The clean-up language he is requesting would affect the way the words "designate" and "authorize" are used.

He also asked for an amendment to the lodgers' tax laws. He recommends enabling municipalities at the local level to determine what they want to do to assist arts and cultural districts by adding two percent to the lodgers' tax for cultural and heritage tours and development.

### **Uranium Mining: Economic Development Impacts**

Doug Bland, special projects manager for the New Mexico Bureau of Geology and Mineral Resources, began his presentation by giving the committee a copy of his handout, "Uranium Resources in New Mexico". He explained which Dr. Peter A. Scholle could not be present.

Mr. Bland explained that the bureau is primarily a research organization which does not promote or oppose other programs, but provides factual information.

As he gave his presentation, the room began to fill with opponents of uranium mining. He explained that there will soon be a shortfall in uranium production. New Mexico has produced one-third of all of the uranium in the entire United States since the 1940s, 95 percent of that came from the Grants uranium district, a belt which stretches from the Pueblo of Laguna to Gallup.

The old way of mining uranium was conventional: "Dig a giant hole, dig it up and process it". The newest process is in-situ leaching. Wells are drilled, fluids are pumped down to dissolve the uranium, the fluids are pumped back up and the uranium is extracted, then pumped

down again, which he claims will result in lower costs and lower environmental effects. One major advantage of in-situ leaching is that it does not require a mill or earthworks and leaves behind no radioactive tailing piles or waste.

Jon Indall appeared as a representative of the uranium producers of New Mexico. He explained that nuclear power is enjoying a renaissance because it is cheap and does not pollute like coal.

Dr. Jim Peach of the Arrowhead Center at New Mexico State University (NMSU) presented the possible economic impacts of the plans and the effects that are likely to occur if uranium mining is allowed again. His handout, "The Economic Impact of the Uranium Industry in New Mexico", is in the meeting file. He was joined by Dr. Anthony V. Popp, also of the Arrowhead Center.

Candace Head-Dylla of the Multicultural Alliance for a Safe Environment presented the damages left over from the last round of uranium mining. Her handout, which contains her testimony and shows which the human and economic costs of uranium mining far outweigh the short-term economic benefits, is also in the meeting file.

Laura Watchempino, director of Haaku Water Office for the Pueblo of Acoma, testified that the Pueblo of Acoma is oldest living community in this part of the world because of its dedication to living in a sustainable manner. She vigorously opposes any new uranium mining because it would violate the sacred grounds of Mt. Taylor, which plays a central role in the Pueblo of Acoma's life.

She explained that hydrology cannot be ignored and that new mining would pollute Mt. Taylor, which is revered by every indigenous tribe in the southwest. She recommended additional study of the regional hydrology.

Members of the public were allowed to address the committee. George Byers of Denver, Star Gonzales, economic development director for Cibola County, and Juan Velazquez of the Strathmore Minerals Corporation testified in favor of uranium mining.

Johnny Head complained that the mining industry promised to clean up the water 20 years ago, but its wells are still not usable. Larry King of Church Rock, a former uranium worker, said which the uranium companies never informed the workers of the dangers to which they were exposed, and further, the companies submitted documents saying they had cleaned up uranium sites, when in reality, they had not. He asked for long-term health surveys to assess the real cost and damage. Teddy Nez, a resident of Red Water Pond Road, said that he is suffering from cancer and bone disease, and which none of the mining companies are willing to help anyone. He asked for long-term protection for himself and his family from those who would mine uranium.

Representative Lundstrom noted that the Secretary of Economic Development Mondragon had already left the meeting, even though she had requested him to stay. She also noted which members of the public had been denied an opportunity to address the Legislative Finance Committee at a recent meeting on the subject.

There being no more business before the committee, the committee adjourned at 12:05  
p.m.

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